



**WASHINGTON COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-104
September 30, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Washington, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Washington County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county does not have adequate procedures in place to track federal financial assistance for the preparation of the schedule of expenditures of federal awards. The county's schedules for 2001 and 2000 contained several errors and omissions. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements, which could result in future reductions in federal funds.
- Formal budgets were not prepared for some county funds and disbursements were made in excess of approved budgets for various funds. The County Commission's amending of some budgets caused projected deficit cash balances in those funds. Documentation was not maintained to support the administrative service fee transferred from the Special Road and Bridge Fund.
- In prior years, the County Commission issued several loans to companies and individuals as part of an economic development program. Although the agreements indicated there were to be monthly payments of interest and principal, two companies made no interest or principal payments during 2000 and only interest payments during 2001. Another company had not made any payments of interest or principal during the two years and there was some dispute over the amount remaining unpaid. Because these monies have not been repaid, the county has less money available for additional economic development loans.

(over)

YELLOW SHEET

- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissioners meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1998 Washington County's Associate County Commissioners' salaries were each increased approximately \$6,650 yearly.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to Section 50.333.13, RSMo, are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$19,950 should be repaid.

- Although the county has reduced the tax anticipation notes payable, \$267,000 is still outstanding at December 31, 2001. The county has not had the funds to completely pay off the notes in one year as required by Section 50.070, RSMo, and have renewed such notes annually.
- Several problems were noted regarding the records and procedures of the Washington County Handicapped Board (also know as the Senate Bill 40 Board) including incorrect budgets, missing records, pay and benefit concerns, Sunshine Law compliance, problems with expenditures and contracts, and inadequate fixed asset records.
- Several problems were noted regarding the records and procedures of the Health Center including concerns over receipts and deposits, questionable expenditures, inadequate fixed asset records, and Sunshine Law compliance.
- Several problems were noted regarding the records and procedures of the Central Dispatch 911 Board including Sunshine Law compliance, consulting service contracts and invoices, and documentation of land acquisition.

The audit also includes some recommendations to improve general fixed assets and property tax controls and procedures. The audit also suggested improvements in procedures for the Sheriff, County Assessor, Circuit Clerk, Prosecuting Attorney, Associate Division and Ex Officio Recorder of Deeds.

All reports are available on our website: www.auditor.state.mo.us

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Washington County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Washington County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 20, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Washington County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

June 20, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Alice M. Fast, CPA, CIA
In-Charge Auditor:	Karen A. Lenk, CPA
Audit Staff:	Scott L. Fontana
	Thomas H. Franklin



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Washington County, Missouri

We have audited the special-purpose financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Washington County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Washington County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Washington County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

June 20, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

WASHINGTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 68,229	2,217,272	2,211,352	74,149
Special Road and Bridge	178,408	1,788,431	1,870,992	95,847
Assessment	5,842	221,810	217,794	9,858
Law Enforcement Training	2,451	4,499	3,277	3,673
Prosecuting Attorney Training	3,501	876	0	4,377
Sheriff's Law Enforcement	0	1,094,998	1,094,898	100
Law Enforcement Expense	112	9,879	9,260	731
Prosecuting Attorney Bad Check	40,906	15,720	4,761	51,865
Prosecuting Attorney Expense	0	56	0	56
Prosecuting Attorney Delinquent Tax	7,732	919	0	8,651
DARE	2,746	621	1,907	1,460
Senior Citizens' Service	53,927	86,154	81,717	58,364
Industrial Development	43,280	1,025	44,305	0
Economic Development Tax	1,333,344	689,469	698,485	1,324,328
Recorder's User Fee	26,549	12,864	1,291	38,122
Election Services	1,647	3,523	1,875	3,295
Health Center	430,256	600,760	602,025	428,991
Handicapped Board	105,596	302,056	271,369	136,283
Circuit Division Interest	3,519	700	2,574	1,645
Associate Circuit Division Interest	1,872	46	0	1,918
Sheriff's Fees	0	28,556	28,556	0
Domestic Violence Shelter	1,790	3,728	3,340	2,178
Recorder's Technical	0	3,718	0	3,718
Central Dispatch 911	0	335,479	94,853	240,626
Total	\$ 2,311,707	7,423,159	7,244,631	2,490,235

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

WASHINGTON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 38,109	1,856,407	1,826,287	68,229
Special Road and Bridge	168,406	1,729,454	1,719,452	178,408
Assessment	6,469	278,638	279,265	5,842
Law Enforcement Training	3,465	4,102	5,116	2,451
Prosecuting Attorney Training	2,608	893	0	3,501
Sheriff's Law Enforcement	1,006	1,080,074	1,081,080	0
Law Enforcement Expense	97	4,488	4,473	112
Prosecuting Attorney Bad Check	32,197	16,722	8,013	40,906
Prosecuting Attorney Expense	431	6	437	0
Prosecuting Attorney Delinquent Tax	6,961	861	90	7,732
DARE	3,267	1,955	2,476	2,746
Senior Citizens' Service	45,402	91,905	83,380	53,927
Industrial Development	87,921	3,698	48,339	43,280
Economic Development Tax	1,023,950	630,808	321,414	1,333,344
Recorder's User Fee	15,126	11,423	0	26,549
Election Services	112	1,862	327	1,647
Health Center	367,409	638,377	575,530	430,256
Handicapped Board	110,770	313,889	319,063	105,596
Circuit Division Interest	2,998	2,565	2,044	3,519
Associate Circuit Division Interest	1,477	395	0	1,872
Sheriff's Fees	26	40,108	40,134	0
Domestic Violence Shelter	2,101	3,809	4,120	1,790
Family Access Fee	101	26	127	0
Total	\$ 1,920,409	6,712,465	6,321,167	2,311,707

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 7,772,047	7,080,234	(691,813)	6,959,923	6,668,522	(291,401)
DISBURSEMENTS	9,466,104	7,146,438	2,319,666	8,357,019	6,276,786	2,080,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,694,057)	(66,204)	1,627,853	(1,397,096)	391,736	1,788,832
CASH, JANUARY 1	2,303,659	2,309,917	6,258	1,878,863	1,918,181	39,318
CASH, DECEMBER 31	609,602	2,243,713	1,634,111	481,767	2,309,917	1,828,150
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	346,642	212,319	(134,323)	344,176	332,261	(11,915)
Sales and use taxes	685,000	739,607	54,607	656,000	638,112	(17,888)
Intergovernmental	621,354	683,609	62,255	178,161	158,701	(19,460)
Charges for services	262,200	283,574	21,374	243,800	264,623	20,823
Interest	6,500	9,664	3,164	3,555	6,009	2,454
Tax anticipation note	0	0	0	0	200,000	200,000
Other	124,750	155,014	30,264	87,744	125,603	37,859
Transfers in	134,112	133,485	(627)	134,905	131,098	(3,807)
Total Receipts	2,180,558	2,217,272	36,714	1,648,341	1,856,407	208,066
DISBURSEMENTS						
County Commission	114,419	114,555	(136)	115,100	116,308	(1,208)
County Clerk	142,148	118,755	23,393	127,951	116,630	11,321
Elections	32,381	31,087	1,294	71,503	66,727	4,776
Buildings and grounds	95,656	102,005	(6,349)	85,320	85,208	112
County Treasurer	49,788	48,640	1,148	49,341	48,053	1,288
County Collector	135,163	132,024	3,139	130,739	126,860	3,879
Circuit Clerk and Ex Officio Recorder of Deeds	115,014	104,571	10,443	112,034	100,223	11,811
Associate Circuit Court	35,776	33,798	1,978	38,049	34,702	3,347
Court administration	11,370	7,121	4,249	13,535	7,041	6,494
Public Administrator	46,435	43,831	2,604	44,973	45,295	(322)
Prosecuting Attorney	229,609	206,356	23,253	235,237	213,541	21,696
Juvenile Officer	81,485	81,485	0	95,507	95,506	1
County Coroner	43,738	32,559	11,179	32,942	34,676	(1,734)
Sheriff Auxiliary	2,280	1,835	445	2,880	2,333	547
Landfill	14,806	17,864	(3,058)	21,190	14,524	6,666
Airport	538,442	584,554	(46,112)	44,844	39,911	4,933
Industrial Development Authority	74,112	73,159	953	75,220	71,414	3,806
Unitiversity Extension	44,930	43,050	1,880	44,672	44,384	288
Other	90,358	103,483	(13,125)	65,526	83,982	(18,456)
Debt service	130,000	124,799	5,201	85,000	287,686	(202,686)
Transfers out	143,249	205,821	(62,572)	153,371	191,283	(37,912)
Emergency Fund	67,083	0	67,083	49,000	0	49,000
Total Disbursements	2,238,242	2,211,352	26,890	1,693,934	1,826,287	(132,353)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(57,684)	5,920	63,604	(45,593)	30,120	75,713
CASH, JANUARY 1	68,229	68,229	0	38,109	38,109	0
CASH, DECEMBER 31	10,545	74,149	63,604	(7,484)	68,229	75,713

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	402,861	396,162	(6,699)	354,000	395,094	41,094
Sales taxes	600,000	596,345	(3,655)	550,000	566,665	16,665
Intergovernmental	1,383,840	719,139	(664,701)	599,800	680,703	80,903
Interest	11,500	9,206	(2,294)	8,700	11,620	2,920
Other	55,736	67,579	11,843	739,057	75,372	(663,685)
Total Receipts	2,453,937	1,788,431	(665,506)	2,251,557	1,729,454	(522,103)
DISBURSEMENTS						
Salaries	631,180	632,616	(1,436)	617,120	564,128	52,992
Employee fringe benefits	172,479	167,947	4,532	154,691	142,160	12,531
Supplies	147,428	125,624	21,804	119,400	108,669	10,731
Insurance	18,500	20,111	(1,611)	19,000	16,095	2,905
Road and bridge materials	501,531	344,558	156,973	422,761	467,790	(45,029)
Equipment repairs	96,500	98,033	(1,533)	93,000	80,207	12,793
Rentals	11,000	564	10,436	0	0	0
Equipment purchases	318,547	211,371	107,176	206,034	123,170	82,864
Construction, repair, and maintenance	613,980	152,740	461,240	669,057	118,464	550,593
Capital improvement	32,000	36,162	(4,162)	32,000	14,360	17,640
Other	29,200	21,266	7,934	27,216	24,725	2,491
Transfers out	60,000	60,000	0	59,684	59,684	0
Total Disbursements	2,632,345	1,870,992	761,353	2,419,963	1,719,452	700,511
RECEIPTS OVER (UNDER) DISBURSEMENTS	(178,408)	(82,561)	95,847	(168,406)	10,002	178,408
CASH, JANUARY 1	178,408	178,408	0	168,406	168,406	0
CASH, DECEMBER 31	0	95,847	95,847	0	178,408	178,408
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	211,901	191,147	(20,754)	254,861	238,347	(16,514)
Charges for services	4,000	4,167	167	6,200	2,696	(3,504)
Interest	901	1,496	595	1,200	985	(215)
Transfers in	36,554	25,000	(11,554)	34,721	36,610	1,889
Total Receipts	253,356	221,810	(31,546)	296,982	278,638	(18,344)
DISBURSEMENTS						
Assessor	253,356	217,794	35,562	303,942	279,265	24,677
Total Disbursements	253,356	217,794	35,562	303,942	279,265	24,677
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	4,016	4,016	(6,960)	(627)	6,333
CASH, JANUARY 1	0	5,842	5,842	1,006	6,469	5,463
CASH, DECEMBER 31	0	9,858	9,858	(5,954)	5,842	11,796

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Charges for services	4,000	4,398	398	3,675	3,964	289
Interest	135	101	(34)	125	138	13
Total Receipts	4,135	4,499	364	3,800	4,102	302
DISBURSEMENTS						
Sheriff	4,000	3,277	723	3,800	5,116	(1,316)
Total Disbursements	4,000	3,277	723	3,800	5,116	(1,316)
RECEIPTS OVER (UNDER) DISBURSEMENTS	135	1,222	1,087	0	(1,014)	(1,014)
CASH, JANUARY 1	2,451	2,451	0	3,465	3,465	0
CASH, DECEMBER 31	2,586	3,673	1,087	3,465	2,451	(1,014)
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	900	742	(158)	900	893	(7)
Interest	0	134	134	125	0	(125)
Total Receipts	900	876	(24)	1,025	893	(132)
DISBURSEMENTS						
Prosecuting Attorney	300	0	300	500	0	500
Total Disbursements	300	0	300	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	600	876	276	525	893	368
CASH, JANUARY 1	3,501	3,501	0	2,608	2,608	0
CASH, DECEMBER 31	4,101	4,377	276	3,133	3,501	368
<u>SHERIFF'S LAW ENFORCEMENT FUND</u>						
RECEIPTS						
Sales taxes	600,000	596,351	(3,649)	556,000	566,668	10,668
Intergovernmental	331,906	231,954	(99,952)	309,908	284,608	(25,300)
Charges for services	2,300	3,170	870	3,300	13,902	10,602
Interest	0	10	10	0	1	1
Other	20,800	54,736	33,936	22,800	20,307	(2,493)
Transfers in	166,695	208,777	42,082	163,650	194,588	30,938
Total Receipts	1,121,701	1,094,998	(26,703)	1,055,658	1,080,074	24,416
DISBURSEMENTS						
Salaries	811,094	760,100	50,994	793,763	762,049	31,714
Office expenditures	46,960	49,542	(2,582)	48,652	48,459	193
Equipment	81,747	76,294	5,453	66,068	70,320	(4,252)
Mileage and training	1,000	1,397	(397)	1,250	1,316	(66)
Other	180,900	207,565	(26,665)	181,441	198,936	(17,495)
Total Disbursements	1,121,701	1,094,898	26,803	1,091,174	1,081,080	10,094
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	100	100	(35,516)	(1,006)	34,510
CASH, JANUARY 1	0	0	0	1,006	1,006	0
CASH, DECEMBER 31	0	100	100	(34,510)	0	34,510

Exhibit B

WASHINGTON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT EXPENSE FUND</u>						
RECEIPTS						
Interest	0	11	11	20		(20)
Other	5,000	9,868	4,868	5,780	4,488	(1,292)
Total Receipts	5,000	9,879	4,879	5,800	4,488	(1,312)
DISBURSEMENTS						
Sheriff	5,010	9,260	(4,250)	5,750	4,473	1,277
Total Disbursements	5,010	9,260	(4,250)	5,750	4,473	1,277
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10)	619	629	50	15	(35)
CASH, JANUARY 1	112	112	0	97	97	0
CASH, DECEMBER 31	102	731	629	147	112	(35)
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	18,000	14,130	(3,870)	13,500	16,722	3,222
Interest	0	1,590	1,590	1,400	0	(1,400)
Total Receipts	18,000	15,720	(2,280)	14,900	16,722	1,822
DISBURSEMENTS						
Prosecuting Attorney	9,500	4,761	4,739	4,100	8,013	(3,913)
Total Disbursements	9,500	4,761	4,739	4,100	8,013	(3,913)
RECEIPTS OVER (UNDER) DISBURSEMENTS	8,500	10,959	2,459	10,800	8,709	(2,091)
CASH, JANUARY 1	40,906	40,906	0	32,197	32,197	0
CASH, DECEMBER 31	49,406	51,865	2,459	42,997	40,906	(2,091)
<u>PROSECUTING ATTORNEY EXPENSE FUND</u>						
RECEIPTS						
Interest	0	1	1	21	0	(21)
Other	0	55	55	0	6	6
Total Receipts	0	56	56	21	6	(15)
DISBURSEMENTS						
Prosecuting Attorney	0	0	0	0	437	(437)
Total Disbursements	0	0	0	0	437	(437)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	56	56	21	(431)	(452)
CASH, JANUARY 1	0	0	0	431	431	0
CASH, DECEMBER 31	0	56	56	452	0	(452)

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>PROSECUTING ATTORNEY DELINQUENT TAX FUND</u>						
RECEIPTS						
Intergovernmental	875	637	(238)	2,100	861	(1,239)
Interest	0	282	282	350	0	(350)
Total Receipts	875	919	44	2,450	861	(1,589)
DISBURSEMENTS						
Prosecuting Attorney	200	0	200	1,600	90	1,510
Total Disbursements	200	0	200	1,600	90	1,510
RECEIPTS OVER (UNDER) DISBURSEMENTS	675	919	244	850	771	(79)
CASH, JANUARY 1	7,732	7,732	0	6,961	6,961	0
CASH, DECEMBER 31	8,407	8,651	244	7,811	7,732	(79)
<u>DARE FUND</u>						
RECEIPTS						
Intergovernmental	0	25	25	0	0	0
Interest	0	46	46	125	0	(125)
Other	2,100	550	(1,550)	4,200	1,955	(2,245)
Total Receipts	2,100	621	(1,479)	4,325	1,955	(2,370)
DISBURSEMENTS						
Sheriff	2,600	1,907	693	3,000	2,476	524
Total Disbursements	2,600	1,907	693	3,000	2,476	524
RECEIPTS OVER (UNDER) DISBURSEMENTS	(500)	(1,286)	(786)	1,325	(521)	(1,846)
CASH, JANUARY 1	2,746	2,746	0	3,267	3,267	0
CASH, DECEMBER 31	2,246	1,460	(786)	4,592	2,746	(1,846)
<u>SENIOR CITIZENS' SERVICE FUND</u>						
RECEIPTS						
Property taxes	77,000	76,264	(736)	75,000	77,334	2,334
Intergovernmental	7,275	6,893	(382)	8,000	9,880	1,880
Interest	4,500	2,997	(1,503)	2,500	4,691	2,191
Total Receipts	88,775	86,154	(2,621)	85,500	91,905	6,405
DISBURSEMENTS						
Contractual services	93,200	81,505	11,695	83,700	82,975	725
Other	420	212	208	235	405	(170)
Total Disbursements	93,620	81,717	11,903	83,935	83,380	555
RECEIPTS OVER (UNDER) DISBURSEMENTS	(4,845)	4,437	9,282	1,565	8,525	6,960
CASH, JANUARY 1	53,927	53,927	0	45,402	45,402	0
CASH, DECEMBER 31	49,082	58,364	9,282	46,967	53,927	6,960

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>INDUSTRIAL DEVELOPMENT FUND</u>						
RECEIPTS						
Interest	4,200	1,025	(3,175)	3,700	3,698	(2)
Transfers in	0	0	0	50,000	0	(50,000)
Total Receipts	4,200	1,025	(3,175)	53,700	3,698	(50,002)
DISBURSEMENTS						
Bond payment	0	0	0	45,000	48,339	(3,339)
Transfers out	40,000	44,305	(4,305)	0	0	0
Total Disbursements	40,000	44,305	(4,305)	45,000	48,339	(3,339)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(35,800)	(43,280)	(7,480)	8,700	(44,641)	(53,341)
CASH, JANUARY 1	43,280	43,280	0	87,921	87,921	0
CASH, DECEMBER 31	7,480	0	(7,480)	96,621	43,280	(53,341)
<u>ECONOMIC DEVELOPMENT TAX FUND</u>						
RECEIPTS						
Sales taxes	650,000	596,276	(53,724)	556,000	566,614	10,614
Interest	0	48,888	48,888	33,000	64,194	31,194
Transfers in	0	44,305	44,305	0	0	0
Total Receipts	650,000	689,469	39,469	589,000	630,808	41,808
DISBURSEMENTS						
County Industrial Development Authority	1,980,000	625,000	1,355,000	1,590,000	250,000	1,340,000
Transfers out	0	73,485	(73,485)	0	71,414	(71,414)
Total Disbursements	1,980,000	698,485	1,281,515	1,590,000	321,414	1,268,586
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,330,000)	(9,016)	1,320,984	(1,001,000)	309,394	1,310,394
CASH, JANUARY 1	1,333,344	1,333,344	0	1,023,950	1,023,950	0
CASH, DECEMBER 31	3,344	1,324,328	1,320,984	22,950	1,333,344	1,310,394
<u>RECORDER'S USER FEE FUND</u>						
RECEIPTS						
Charges for services	12,000	11,808	(192)	11,000	11,423	423
Interest	0	1,056	1,056	475	0	(475)
Total Receipts	12,000	12,864	864	11,475	11,423	(52)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	5,000	1,291	3,709	1,500	0	1,500
Total Disbursements	5,000	1,291	3,709	1,500	0	1,500
RECEIPTS OVER (UNDER) DISBURSEMENTS	7,000	11,573	4,573	9,975	11,423	1,448
CASH, JANUARY 1	26,549	26,549	0	15,126	15,126	0
CASH, DECEMBER 31	33,549	38,122	4,573	25,101	26,549	1,448

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Intergovernmental	1,850	3,432	1,582	1,000	1,862	862
Interest	0	91	91	0	0	0
Total Receipts	1,850	3,523	1,673	1,000	1,862	862
DISBURSEMENTS						
County Clerk	500	1,875	(1,375)	0	327	(327)
Total Disbursements	500	1,875	(1,375)	0	327	(327)
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,350	1,648	298	1,000	1,535	535
CASH, JANUARY 1	1,647	1,647	0	112	112	0
CASH, DECEMBER 31	2,997	3,295	298	1,112	1,647	535
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property taxes	225,000	233,828	8,828	215,000	234,948	19,948
Intergovernmental	355,000	272,377	(82,623)	345,500	304,050	(41,450)
Interest	16,000	15,863	(137)	9,000	13,693	4,693
Other	40,100	78,692	38,592	46,100	85,686	39,586
Total Receipts	636,100	600,760	(35,340)	615,600	638,377	22,777
DISBURSEMENTS						
Salaries	374,730	348,231	26,499	387,470	333,305	54,165
Office expenditures	78,900	98,161	(19,261)	72,800	79,537	(6,737)
Equipment	3,990	2,260	1,730	5,300	4,208	1,092
Mileage and training	7,040	10,479	(3,439)	10,200	6,948	3,252
Building lease payments	53,190	53,188	2	151,662	50,554	101,108
Other	118,250	89,706	28,544	85,950	100,978	(15,028)
Total Disbursements	636,100	602,025	34,075	713,382	575,530	137,852
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,265)	(1,265)	(97,782)	62,847	160,629
CASH, JANUARY 1	430,256	430,256	0	367,409	367,409	0
CASH, DECEMBER 31	430,256	428,991	(1,265)	269,627	430,256	160,629

Exhibit B

WASHINGTON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
HANDICAPPED BOARD FUND						
RECEIPTS						
Property taxes	265,000	261,397	(3,603)	280,000	259,099	(20,901)
Intergovernmental	17,550	28,577	11,027	14,239	18,244	4,005
Interest	6,000	7,369	1,369	5,100	8,080	2,980
Other	7,610	4,713	(2,897)	16,600	28,466	11,866
Total Receipts	296,160	302,056	5,896	315,939	313,889	(2,050)
DISBURSEMENTS						
Salaries	90,135	28,901	61,234	50,020	79,772	(29,752)
Administrative services	0	11,400	(11,400)	0	0	0
Legal and professional services	23,600	8,181	15,419	2,500	42,572	(40,072)
Office expenditures	21,540	6,008	15,532	50,440	14,950	35,490
Equipment	47,000	36,807	10,193	32,400	17,137	15,263
Mileage and training	9,775	1,731	8,044	7,879	8,510	(631)
Contractual services	202,980	178,341	24,639	215,200	156,122	59,078
Other	6,600	0	6,600	34,500	0	34,500
Total Disbursements	401,630	271,369	130,261	392,939	319,063	73,876
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105,470)	30,687	136,157	(77,000)	(5,174)	71,826
CASH, JANUARY 1	105,470	105,596	126	77,000	110,770	33,770
CASH, DECEMBER 31	0	136,283	136,283	0	105,596	105,596
CIRCUIT DIVISION INTEREST FUND						
RECEIPTS						
Interest	2,400	700	(1,700)	2,500	2,465	(35)
Other	0	0	0	0	100	100
Total Receipts	2,400	700	(1,700)	2,500	2,565	65
DISBURSEMENTS						
Circuit Clerk	2,000	2,574	(574)	2,500	2,044	456
Total Disbursements	2,000	2,574	(574)	2,500	2,044	456
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	(1,874)	(2,274)	0	521	521
CASH, JANUARY 1	2,899	3,519	620	2,583	2,998	415
CASH, DECEMBER 31	3,299	1,645	(1,654)	2,583	3,519	936
ASSOCIATE CIRCUIT DIVISION INTEREST FUND						
RECEIPTS						
Interest	0	46	46	350	395	45
Total Receipts	0	46	46	350	395	45
DISBURSEMENTS						
Associate Circuit Division	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	46	46	350	395	45
CASH, JANUARY 1	2,202	1,872	(330)	1,807	1,477	(330)
CASH, DECEMBER 31	2,202	1,918	(284)	2,157	1,872	(285)

Exhibit B

WASHINGTON COUNTY, MISSOURI
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SHERIFF'S FEES FUND</u>						
RECEIPTS						
Charges for services	40,000	28,556	(11,444)			
Total Receipts	40,000	28,556	(11,444)			
DISBURSEMENTS						
Sheriff	40,000	600	39,400			
Transfers out	0	27,956	(27,956)			
Total Disbursements	40,000	28,556	11,444			
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	0	0	0			
<u>DOMESTIC VIOLENCE SHELTER FUND</u>						
RECEIPTS						
Charges for services	3,900	3,728	(172)			
Total Receipts	3,900	3,728	(172)			
DISBURSEMENTS						
Domestic Violence Shelter	4,200	3,340	860			
Total Disbursements	4,200	3,340	860			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	388	688			
CASH, JANUARY 1	1,790	1,790	0			
CASH, DECEMBER 31	1,490	2,178	688			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

WASHINGTON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Washington County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Department Board, Handicapped Board, Senior Citizens' Service Board, or the Central Dispatch 911 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Recorder's Technical Fund	2001
Central Dispatch 911 Fund	2001
Family Access Fee Fund	2000
Sheriff's Fees Fund	2000
Domestic Violence Shelter Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Industrial Development Fund	2001 and 2000
Election Services Fund	2001 and 2000
Law Enforcement Expense Fund	2001
Circuit Clerk Interest Fund	2001
General Revenue Fund	2000
Law Enforcement Training Fund	2000
Prosecuting Attorney Expense Fund	2000
Prosecuting Attorney Bad Check Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the General Fund, Assessment Fund, and the Sheriff's Law Enforcement Fund for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statement for the year ended December 31, 2001, did not include the Circuit Division Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center's deposits at December 31, 2001, were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name. Of the Health Center's bank balance at December 31, 2000, \$443,399 was covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name, and \$10,788 was uninsured and uncollateralized.

Of the Handicapped Board's bank balance at December 31, 2001, \$132,972 was covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name, and \$4,038 was uninsured and uncollateralized. Of the Handicapped Board's bank balance at December 31, 2000, \$100,000 was covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name, and \$7,079 was uninsured and uncollateralized.

Of the Central Dispatch 911 Board's bank balance at December 31, 2001, \$179,727 was covered by federal depositary insurance or by collateral securities held by the Board's custodial bank in the Board's name, and \$87,828 was uninsured and uncollateralized.

To protect the safety of county deposits, Section 110.020, RSMo 2000, requires depositaries to pledge collateral securities to secure county deposits not insured by the Federal Deposit Insurance Corporation.

Supplementary Schedule

Schedule

WASHINGTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct program:				
10.unknown	Cooperative Law Enforcement and Cannabis Agreement	N/A	\$ 6,000	1,200
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERSO45-2211	88,152	89,321
10.559	Summer Food Service Program for Children	ERSO46-0211I	180	171
Office of Administration -				
10.665	Schools and Roads - Grants to States	N/A	197,288	116,922
U.S. DEPARTMENT OF JUSTICE				
Direct program:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	32,386	50,229
Passed through state:				
Department of Public Safety -				
16.588	Violence Against Women Formula Grants	98-VAWA-0088	33,080	38,267
Missouri Sheriff's Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	585	2,223
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO 110(5)	0	5,057
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	MO-16-0033	21,592	0
		MO-16-0032	0	52,528
	Program Total		<u>21,592</u>	<u>52,528</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	0	1,812

Schedule

WASHINGTON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	68,691	106
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERS146-2211L	1,761	373
93.268	Immunization Grants	N/A	46,699	47,004
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-2211C	1,810	2,650
Department of Health -				
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-20011	17,081	22,822
93.991	Preventive Health and Health Services Block Grant	N/A	0	525
93.994	Maternal and Child Health Services Block Grant to the States	ERS146-2211M	23,286	25,887
		ERS175-2080F	6,590	8,039
		DH020027076	173	0
		N/A	4,380	2,623
	Program Total		34,429	36,549
	Total Expenditures of Federal Awards		\$ 549,734	467,759

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

WASHINGTON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Washington County, Missouri

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Capital Assistance Program for Elderly Persons and Persons with Disabilities (CFDA number 20.513) represent the federal share of the original

acquisition cost of equipment received and amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for the Immunization Grants (CFDA number 93.268) and the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the Department of Health. Amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Washington County, Missouri

Compliance

We have audited the compliance of Washington County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Washington County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance

with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

Internal Control Over Compliance

The management of Washington County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Washington County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

June 20, 2002 (fieldwork completion date)

Schedule

WASHINGTON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2001 AND 2000

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes x no

Reportable conditions identified that are
not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.665	Schools and Roads-Grants to States
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities

Dollar threshold used to distinguish between Type A
and Type B programs: \$300,000

Auditee qualified as a low-risk auditee? yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

01-1. Schedule of Expenditures of Federal Awards
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Federal Grantor:	U.S. Department of Agriculture
Pass-Through Grantor:	Department of Health
Federal CFDA Number:	10.557
Program Title:	Special Supplemental Nutrition Program for Women, Infants, and Children
Pass-Through Entity Identifying Number:	ERSO45-2211
Award Year:	2001 and 2000
Questioned Costs:	none

Federal Grantor: U.S. Department of Agriculture
Pass-Through Grantor: Office of Administration
Federal CFDA Number: 10.665
Program Title: Schools and Roads - Grants to States
Pass-Through Entity
Identifying Number: N/A
Award Year: 2001 and 2000
Questioned Costs: none

Federal Grantor: U.S. Department of Transportation
Pass-Through Grantor: Highway and Transportation Commission
Federal CFDA Number: 20.513
Program Title: Capital Assistance Program for Elderly Persons and Persons with Disabilities
Pass-Through Entity
Identifying Number: MO-16-0032
Award Year: 2001 and 2000
Questioned Costs: none

Section .310(b) of Circular A-133, *Audits of State and Local Government, and Nonprofit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the schedule of expenditures of federal awards to the State Auditor's Office as a part of the annual budget.

The county does not have adequate procedures in place to track federal awards for the preparation of the SEFA. For the years ended December 31, 2001 and 2000, the county's SEFA included amounts totaling \$128,848 and \$132,684, respectively, that were not federal awards. In addition, expenditures relating to several federal grants were reported incorrectly or not included on the schedules. For the years ended December 31, 2001 and 2000, the county's SEFA did not include federal awards totaling \$172,625 and \$95,064, respectively. Many of the problems noted in the SEFA are related to Health Center funds. The County Clerk does not have adequate procedures to ensure the Health Center federal monies are properly reported. Compilation of the SEFA requires consulting county financial records and requesting information from other departments and/or officials.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

WE RECOMMEND the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

The County Clerk will try to improve on the next schedule they prepare. The Health Center indicated they will provide the County Clerk with the most accurate information they can obtain.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

WASHINGTON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

WASHINGTON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

WASHINGTON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Washington County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002. We also have audited the compliance of Washington County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Washington County Memorial Hospital is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information for the two years ended August 31, 2001.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Washington County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Budgetary Practices and Published Financial Statements
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- A. Actual expenditures were in excess of approved budgeted expenditures for the following funds during the two years ended December 31, 2001:

Fund	Year Ended December 31,	
	2001	2000
General Revenue	\$ 0	132,353
Law Enforcement Training	0	1,316
Law Enforcement Expense	4,250	0
Prosecuting Attorney Bad Check	0	3,913
Prosecuting Attorney Expense	0	437
Industrial Development	4,305	3,339
Election Services	1,375	327
Circuit Clerk Interest	574	0

The General Fund was overbudget because the County Commission did not budget for the new tax anticipation note and payback. The other funds are controlled by other officials and, although the County Commission and County Clerk monitor some of the funds, other county officials are apparently not monitoring their budgets. It was ruled in State ex rel. Strong v. Cribb, 364 Mo. 1122, 273 S.W.2d 246 (1954) that strict compliance with the county budget law is required by county officials. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

- B. Budgets were not prepared for various county funds for the years ended December 31, 2001 and 2000. While some of these funds are new and some are not under the direct control of the County Commission, budgets for these funds are needed to comply with statutory provisions. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the

County Commission would be able to more effectively evaluate all county financial resources.

A similar condition was noted in our prior report.

- C. The County Commission amended the budgets for the General Revenue, Sheriff's Law Enforcement and Assessment Funds for the year ended December 31, 2000. Such amendments caused projected deficit cash balances in these funds. However, the county made no provisions for these deficits.

Article VI, Section 26(a) of the Missouri Constitution prohibits deficit budgeting and Section 50.740, RSMo 2000, requires a balanced budget.

- D. Several budgets did not have adequate descriptions for receipts or expenditures including the Law Enforcement Training, Prosecuting Attorney Training, Industrial Development, and Sheriff Law Enforcement Expense Funds, and several others. These funds are under the control of the County Treasurer and the individual office holders or boards and the Treasurer prepares the budgets. Section 50.540, RSMo 2000, requires all revenues to be by sources and all expenditures to be by character, object, function, or activity.
- E. Section 50.515, RSMo 2000, authorizes the County Commission to impose an administrative service fee on the Special Road and Bridge Fund. The fee is limited to a maximum of three percent of the budget of the Special Road and Bridge Fund. However, budgeted expenditures significantly exceeded actual expenditures of the Special Road and Bridge Fund during the years ended December 31, 2001 and 2000. The County Clerk indicated she based the transfer amount on the previous year's actual expenditures; however, there was no documentation of how she calculated the amount. Each year the amount transferred exceeded three percent of the actual expenditures.
- F. The annual published financial statements of the county did not include all of the financial activity of some county funds as required. The county's annual published financial statements did not indicate disbursements by vendor for all of the funds presented. In addition, several funds did not include beginning and ending cash balances. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county and county boards should be included.

WE RECOMMEND the County Commission:

- A. Refrain from incurring expenditures in excess of budgeted amounts. If the county receives additional funds, which could not be estimated when the budget was adopted, the county should amend its budget by following the procedures required by state law.
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Refrain from deficit budgeting.
- D. Ensure revenues and expenditures have adequate descriptions on the budgets.
- E. Ensure administrative transfer amounts from the Special Road and Bridge Fund are adequately documented and that they do not exceed three percent of reasonable budget amounts from the fund.
- F. Ensure complete financial information for all county funds is properly reported in the annual published financial statements.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They will file appropriate budgetary amendments with the State Auditor's Office as soon as unanticipated expenses become known or measurable and prior to the disbursements being made and refrain from authorizing disbursements in excess of budgeted amounts.*
- B. *They will request these budgets for the next year.*
- C. *They will make sure that they do not deficit budget.*
- E. *They will review the transfer amount near the end of the year and adjust the amount accordingly starting this year.*
- F. *The software has been changed to include all the funds in the published financial statements.*

The County Treasurer indicated:

- A. *She will monitor the budgets and document her discussions with the officials. She will ask the officials to amend their budgets and present the information to the commission.*
- D. *She will prepare budgets accordingly for next year.*

- A. In prior years, the County Commission issued several loans to companies and individuals as part of an economic development program. Although the agreements indicate there are to be monthly payments of interest and principal, two companies, owing a total of \$120,000, made no interest or principal payments to the county during 2000 and only interest payments during 2001. Another company has not made any payments of interest or principal during the two years and there is some dispute over the amount remaining unpaid. Because these monies have not been repaid, the county has less money available for additional economic development loans.

To maintain the program and to treat all companies equitably, the County Commission should ensure all companies comply with the loan terms and collect on unpaid loans. The County Commission should investigate any unpaid loans and, in consultation with legal counsel, take appropriate action.

- B. The county has a written agreement with the Industrial Development Authority (IDA) for economic development sales tax monies; however, it does not require the IDA to itemize their costs in their budget and financial reporting. The IDA received approximately \$625,000 and \$250,000 in economic development sales tax monies during the years ended December 31, 2001 and 2000, respectively. This information is necessary for the County Commission to properly evaluate the program and determine the amount of funding to provide.

WE RECOMMEND the County Commission:

- A. Require all companies and individuals comply with the original loan agreements. In addition, the County Commission should take appropriate action on any outstanding loans.
- B. Require as a part of their agreement that the IDA itemize their costs in their budget and financial reporting.

AUDITEE'S RESPONSE

The County Commission indicated:

- A. *They plan to discuss this in their next meeting and resolve the one loan with the company that has made no principal or interest payments. In addition, they have contacted the other two companies and requested them to start making principal payments according to the contract.*

- B. *The IDA has a new director and they are currently working with him to obtain detailed information.*

3. Officials' Salaries and Payroll

- A. Section 50.333.13 RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, Washington County's Associate County Commissioners' salaries were each increased approximately \$6,650 yearly in 1998, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, Section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglas et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate Commissioners, totaling approximately \$19,950 through December 31, 2000, should be repaid.

- B. The Prosecuting Attorney received \$57,400 in compensation in 2001, 2000, and 1999. The 1997 salary commission minutes indicated officials were to be paid at 100 percent of their statutory salary or \$47,000 for the Prosecuting Attorney. The Prosecuting Attorney receives an additional \$10,000 because a state correctional facility is located in the county. It appears the extra \$400 in compensation was carried over from his previous term when he was paid \$37,400 or 110 percent of his statutory salary.
- C. Although time records are prepared by employees and filed with the County Clerk, she does not review the annual and sick leave, or compensatory time on the employee time record to ensure the amount is correct.

Without a review of leave record keeping, the County Commission cannot ensure that employees' annual leave, sick leave, and compensatory time balances are accurate. In addition, such a review would better ensure compliance with the Fair Labor Standards Act.

WE RECOMMEND the County Commission:

- A. Review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.
- B. Review the Prosecuting Attorney's salary and related statutory provisions, and seek repayment of any excess salary payments.
- C. Require the County Clerk review the employee time records for accuracy and completeness.

AUDITEE'S RESPONSE

- A. *The County Commission indicated they believe they complied with all applicable state laws at the time of the raises. They relied on the verbal advice of their attorney and they do not plan to request the Associate Commissioners repay the raises.*
- B. *The County Commission indicated they will address this situation with the Prosecuting Attorney and the County Clerk indicated that they will request repayment from the Prosecuting Attorney. Next year the Prosecuting Attorney will become full time and his salary will change.*

The Prosecuting Attorney indicated that this was part of the base salary before he came into office and that the County Commission approves his budget and compensation.

- C. *The County Clerk indicated she and her staff are currently verifying and reconciling the time records for all employees.*

4. Tax Anticipation Notes

Although the county has reduced the tax anticipation notes payable, \$267,000 is still outstanding at December 31, 2001 for the General Revenue Fund. The county has not had the funds to completely pay back the tax anticipation notes in one year, rather, the tax anticipation notes have been renewed annually. The county paid \$100,000 of principal on the notes during 2000 and 2001. An additional \$50,000 payment of principal has been budgeted for 2002.

The primary reason for lack of funds in General Revenue is the closure of the sanitary landfill in 1992 and the related costs incurred. The General Revenue Fund has also partially subsidized the Sheriff's Law Enforcement Fund.

Section 50.070, RSMo 2000, provides that tax anticipation notes are to be payable in one year or less from the date of issuance out of current county revenues to be derived from taxes or other revenues of the county of the year in which said notes are issued.

This condition was noted in our prior report.

WE RECOMMEND the County Commission refrain from issuing tax anticipation notes that cannot be paid in one year or less from current county revenues and continue to pay off the outstanding notes payable.

AUDITEE'S RESPONSE

The County Commission indicated they borrowed the money in order to close the landfill. They obtained the tax anticipation note in order to limit the amount of fines assessed from the Department of Natural Resources. The Commission indicated that the tax anticipation note will be paid in full as soon as possible.

5. General Fixed Assets

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories and inspections. Individual officials and the County Clerk have not reconciled additions or deletions to the annual fixed asset listing and fixed assets purchases are not reconciled to the general fixed asset records maintained by the County Clerk. The County Clerk maintains a file for each individual official that contains a computer printout of their fixed asset listing; however, these records are not complete. We noted one official's folder was empty, while other folders did not contain annual listings of assets.

Adequate general fixed asset records and procedures are necessary to meet statutory requirements, secure better internal controls over county property, and provide a basis for determining proper insurance coverage. Inventories and proper tagging of county property are necessary to ensure fixed asset records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the County Clerk. The reports required by this section shall be signed by the County Clerk.

WE RECOMMEND the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

AUDITEE'S RESPONSE

The County Clerk stated that at the end of the year, she will request the officials to provide appropriate records to document their inventory and she will try to keep better records. The County Commission indicated they will establish a policy related to the handling of fixed assets in the next three months.

6. Property Tax Controls and Procedures
--

- A. The County Collector provides the County Clerk with information regarding taxes charged, monthly collections, delinquent credits, and protested amounts. However, the information is not verified by the County Clerk from aggregate abstracts, monthly statements of collections and the tax books. The verifications are the County Clerk's means of ensuring the amount of taxes charged to the County Collector are accounted for and accurate.
- B. The County Collector does not always indicate the method of payment on the paid tax receipts. As a result, the composition of the paid tax receipts cannot be reconciled to the composition of monies deposited.

To ensure proper handling and safeguarding of monies, the method of payment should be indicated on the tax bills and the composition of receipts reconciled to the bank deposits.

WE RECOMMEND:

- A. The County Clerk verify the information provided by the County Collector and use this information to verify the County Collector's annual settlement.
- B. The County Collector reconcile the composition of receipt slips to the composition of deposits.

AUDITEE'S RESPONSE

- A. *The County Clerk indicated she will start verifying the information obtained from the County Collector's office in September 2002.*
- B. *The County Collector indicated he has installed new computer software that requires the user to enter in the composition of the monies received when they issue a receipt slip. The composition of receipts will be reconciled to the composition of deposits.*

A. During the audit period, the Sheriff maintained a commissary account for the deposit of inmates' money and commissary operations and profits. Total annual deposits to this account averaged \$25,300 in 2001 and 2000. Inmates ordered various personal items from the commissary and the money was deducted from their funds in the account. Any remaining funds were paid to the inmate upon release. The amounts of monies received, commissary purchases made, and the available cash balance for each inmate were recorded on a computer system.

1. Formal bank reconciliations are not performed on the commissary account. Monthly bank reconciliations are necessary to ensure that accounting records are in agreement with the bank and errors are detected on a timely basis.
2. Inmate monies are not deposited on a timely basis. During the month of October 2001, the jail administrator made four deposits, averaging \$680 each. In addition, monies received are not always receipted or recorded in a timely manner. We noted that in October 2001 receipt slips had not been issued for checks and cash received totaling \$130.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be recorded and deposited intact daily or when accumulated receipts exceed \$100.

3. The total of the prisoners' monies in the Sheriff's commissary checking account is not reconciled to the total of the individual prisoner balances. Inmate balances are maintained on computer files but the balances cannot be reconciled to the total in the account. According to the Sheriff's records, the individual inmates' accounts totaled \$2,399 at December 31, 2001. However, the reconciled bank balance was \$1,061 for a shortage of \$1,338. To reconcile, the Sheriff's office must maintain records for the commissary account that record sales made as well as purchases and calculate the balance of the account. Reconciliations between receipts, disbursements, and individual balances and the total in this account are necessary to ensure all monies received are accounted for properly and errors in recording amounts in inmate and commissary accounts are detected.
4. Accounting and bookkeeping duties for the commissary account are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

The commissary account was reviewed in May 2001 by the State Auditor's Office, and we informed the Sheriff's Department of similar recommendations at that time. The Sheriff's Department has not improved their procedures or controls over the commissary account. In addition, similar conditions were noted in our prior reports.

- B. The Sheriff's Department received approximately \$240,239 and \$351,570 in fees and grants for the years ended December 31, 2001 and 2000, respectively. We noted the following concerns with the Sheriff's fee account:

1. Accounting and bookkeeping duties for the Sheriff's fee monies are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

2. Receipts are not deposited to the Sheriff's fee account on a timely basis. During the month of December 2001, the office manager made four deposits, averaging \$4,300 each. To safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

- C. The Sheriff's Department boards prisoners for other political subdivisions and provides meals to the City of Potosi jail. The county does not bill the boarding costs and does not have written agreements with these entities stating the cost and responsibilities of each party. By not billing the other political subdivisions, the county is subsidizing the cost to house these prisoners. Section 432.070, RSMo 2000, states all contracts entered into by the county shall be in writing and shall be signed by each of the parties or their agents.

- D.1. A complete inventory listing of seized property was not maintained for the two years ended December 31, 2001. The Sheriff's Department maintains a binder containing

the forms describing the seized property; however, we noted that some of the forms were missing. In addition, the Sheriff's Department was unable to locate two items of seized property we requested. A periodic inventory of the evidence room was not performed for comparison with the inventory listing of seized property.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

2. Procedures have not been implemented to periodically review cases and dispose of related seized property items. As a result, numerous items for which the related cases have been disposed in court are being stored unnecessarily.

Section 542.301(5), RSMo 2000, states seized property may be ordered sold or destroyed by a judge if not claimed within one year from the date of seizure.

WE RECOMMEND the Sheriff:

- A.1. Prepare monthly bank reconciliations for the commissary account.
2. Deposit receipts daily or when accumulated receipts exceed \$100. In addition, the Sheriff should issue prenumbered receipt slips immediately upon receipt for all monies received.
3. Reconcile the individual prisoner and commissary balances to the total of the monies in the account on a monthly basis.
4. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
- B.1. Adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.
2. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- C. And the County Commission bill other political subdivisions an amount that is sufficient to recover the costs of housing prisoners in the Washington County jail. In addition, the county should enter into written agreements for boarding prisoners and providing meals.

- D.1. Ensure an accurate and up-to-date inventory record is maintained of all seized and confiscated property. In addition, a periodic inventory should be performed and compared to the inventory listing and any differences investigated.
2. Adopt procedures to periodically follow up on seized property items and obtain written authorization to dispose of the items upon final disposition of the cases.

AUDITEE'S RESPONSE

The Sheriff indicated:

- A.1. *A Sheriff's deputy is currently performing bank reconciliations and balancing the commissary accounts to the bank statements and to the check books.*
2. *A Sheriff's deputy is preparing deposits approximately 1-2 times a week. In addition, next month they are going to start limiting the amount of money an inmate will be able to have in their account to help reduce the amount of deposits.*
3. *The current account is reconciled to the individual inmate accounts. The old commissary amount has not been reconciled, and they are unable to determine to whom the money belongs. The old commissary balance currently is \$600. The clerk is trying to identify to whom this money belongs and plans to transfer any extra monies to unclaimed property or pay any amounts due from the current profits account. They plan to do this over the next year.*
4. *He will have an independent individual review the receipts and disbursements for the commissary account beginning in September 2002.*
- B.1. *He will have an independent individual review the receipts and disbursements for the Sheriff's fee account beginning in September 2002.*
2. *The Sheriff's office administrator is currently depositing more timely in the Sheriff's fee account.*
- C. *He will request and obtain agreements in writing for the boarding of other political subdivisions' prisoners. In addition, he noted that they currently have a written contract for the meals for the City of Potosi prisoners.*

The County Commission indicated they will work with the Sheriff and request that he obtain contracts for boarding prisoners for other political subdivisions.

- D. *He will modify procedures so that an inventory form is available for all seized property held. He is currently working on cleaning out the seized property room.*

The County Assessor's office collects approximately \$3,300 each year. The County Assessor receives monies for maps, deed copies, phone research, and notary public fees.

- A. Receipt slips are only issued upon request. To adequately account for all receipts, pre-numbered receipt slips should be issued for all monies received and the numerical sequence accounted for properly. In addition, to ensure all receipts are transmitted intact, the method of payment received should be recorded on the receipt slips, and the composition of receipt slips should be reconciled to the composition of transmittals.
- B. The County Assessor does not transmit collections intact to the County Treasurer on a timely basis. A cash count on March 12, 2002, revealed fees on hand totaling \$856, some of which had been held since January 29, 2002. Transmittals to the County Treasurer are typically made only once a month and the County Assessor retains a portion of the receipts for a change fund.

In addition, cashiers' checks and money orders received are not restrictively endorsed immediately upon receipt. Instead, the endorsement is applied at the time the transfer is made to the County Treasurer.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be transmitted to the County Treasurer intact daily or when accumulated receipts exceed \$100. In addition, cashiers' checks and money orders should be restrictively endorsed immediately upon receipt.

- C. Accounting and bookkeeping duties are not adequately segregated. One clerk is primarily responsible for receiving, transmitting and disbursing monies, and maintaining the accounting records. An independent review of transmittals and accounting records is not documented as performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of transmitting receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

WE RECOMMEND the County Assessor:

- A. Issue prenumbered receipt slips for all monies received, and periodically account for the numerical sequence of the receipt slips issued. In addition, the County Assessor should ensure that the composition of receipt slips issued is reconciled to the composition of transmittals.
- B. Transmit monies to the County Treasurer daily or when accumulated receipts exceed \$100, and restrictively endorse cashiers' checks and money orders immediately upon receipt.
- C. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The County Assessor indicated:

- A. *In the past, they did not issue receipt slips for some of the smaller dollar amounts received. They currently issue prenumbered receipt slips for all monies. The receipt slips are now reconciled to the transmittals when they transfer monies to the County Treasurer.*
- B. *The instance noted was more money than they usually have on hand. They will begin transmitting money to the County Treasurer when they have more than \$100 on hand. Currently, they are transmitting approximately once a week. In addition, they are restrictively endorsing checks immediately upon receipt.*
- C. *She currently reviews the transmittals and initials the work to document her review.*

9. Circuit Clerk's Controls and Procedures

- A. A listing of accrued costs owed to the court is not maintained by the Circuit Clerk and monitoring procedures related to accrued costs are not adequate. The Circuit Clerk indicated she sends out one initial statement of costs due and no other follow up action is taken. An estimate of the total accrued costs could not be determined by the Circuit Clerk. The Circuit Clerk should review the status of all old cases, and if all costs have not been received, collection of outstanding amounts should be pursued. In addition, the Circuit Clerk should establish written procedures for collecting accrued costs. By not adequately monitoring accrued costs, these costs could remain uncollected and might eventually result in lost revenue.

A complete and accurate listing of accrued costs would allow the Circuit Clerk to more easily review the amounts due to the court and to take appropriate steps to ensure amounts owed are collected on a timely basis.

- B. The Circuit Clerk has several old bank accounts that are no longer active including an old fee account and two old child support accounts. At December 31, 2001, the old fee account had several old outstanding checks and an unidentified balance of \$4,749. The child support accounts had old outstanding checks and other miscellaneous items totaling \$7,281.

The Circuit Clerk should attempt to identify these amounts and distribute the monies according to state statute. Sections 447.500 through 447.595, RSMo 2000, require unclaimed property be remitted to the Unclaimed Property Section of the State Treasurer's Office. The Circuit Clerk should review these sections of state law and take appropriate action.

WE RECOMMEND the Circuit Clerk:

- A. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collection.
- B. Investigate the unidentified monies and old outstanding checks and disburse any unclaimed monies in accordance with state statute.

AUDITEE'S RESPONSE

- A. *The Circuit Clerk stated that if BANNER does not have a report that contains this information, she would manually maintain a list. In addition, she indicated that she would forward this recommendation to the next Circuit Clerk.*
- B. *The Circuit Clerk stated the two old child support accounts have been closed. The other old fee account will be closed by the end of the year.*

10. Prosecuting Attorney's Controls and Procedures

The Prosecuting Attorney collects monies for bad checks, restitution ordered by the courts, and delinquent taxes for the state.

- A. Payments received from delinquent taxpayers are not sent to the Department of Revenue (DOR) timely. The Prosecuting Attorney sends the money in after he has received enough money to fill an invoice form. Monies totaling \$2,775 which were collected from July to November 2001 were sent to the DOR on November 29, 2001. Another transmittal was not made again until April 2, 2002. Monies collected for delinquent taxes should be transmitted to the DOR upon receipt.
- B. Accounting and bookkeeping duties are not adequately segregated. One clerk is primarily responsible for receiving, transmitting and disbursing monies, and

maintaining the accounting records. An independent review of transmittals and accounting records is not performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of transmitting receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

WE RECOMMEND the Prosecuting Attorney:

- A. Transmit monies daily or when collections exceed \$100.
- B. Adequately segregate accounting and bookkeeping duties to the extent possible or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Prosecuting Attorney indicated:

- A. *He will start transferring monies over to the Department of Revenue immediately upon receipt. This recommendation will be implemented in September 2002.*
- B. *He is currently reviewing the deposits and agreeing them to the receipt slips issued. He stated that he initials the deposit paperwork to document his review.*

11. Associate Division Controls and Procedures

Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing and disbursing monies, preparing bank reconciliations and maintaining the accounting records. There is no documentation that an independent review of deposits and accounting records is performed.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of depositing receipts from reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

WE RECOMMEND the Associate Circuit Judge adequately segregate accounting duties or ensure periodic supervisory reviews are performed and documented.

AUDITEE'S RESPONSE

The Associate Circuit Court Judge indicated he will begin immediately having an individual review the deposits and receipts. The review will be performed by a supervisor that did not prepare the information. The individual will initial the paperwork to document their review.

12. Ex Officio Recorder of Deeds' Controls and Procedures
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The Ex Officio Recorder of Deeds does not deposit receipts intact or on a timely basis. Receipts are deposited approximately twice a week. In addition, during our review of deposits, we noted employees issue refunds of overpayments from cash on hand. The Recorder's office utilizes a change fund for cash paying customers. The change fund is not maintained at a constant amount.

Overpayments requiring a refund are properly recorded at the net receipt amount; however, no complete record is currently maintained of the actual amount received and the amount refunded. To adequately safeguard receipts and reduce the risk of loss or misuse of funds, all receipts should be deposited intact daily or when receipts exceed \$100. Depositing receipts intact and issuing any refunds by check is necessary to ensure the proper accounting of all receipts and disbursements.

This condition was noted in our prior report.

WE RECOMMEND the Ex Officio Recorder of Deeds deposit receipts intact daily or when accumulated receipts exceed \$100. If necessary, a change fund should be established and maintained at a constant amount.

AUDITEE'S RESPONSE

The Ex-Officio Recorder of Deeds indicated she will inform the new Recorder of Deeds of our recommendation.

13. Washington County Handicapped Board (Senate Bill 40 Board)

Several problems were noted regarding the records and procedures of the Washington County Handicapped Board (also known as the Senate Bill 40 or SB40 Board) including incorrect budgets, missing financial records, pay and benefit concerns, Sunshine Law compliance, problems with expenditures and contracts, and inadequate fixed asset records.

- A. During our review of the SB 40 Board's budgets, we noted that actual revenues were not correctly reported. The SB 40 Board was unable to provide documentation to support the amounts reported in the budget. Apparently no one reviewed the budget for accuracy or comparison with actual financial historical data. In addition, the 2002 budget was not submitted to the State Auditor's Office until March 19, 2002.

Chapter 50, RSMo 2000, requires the preparation of annual budgets for all funds to present a complete financial plan for the ensuing year and that the budgets be filed on or before the fifteenth day of January. Budgets are essential for the orderly management and operation of any political subdivision. Proper budgeting would aid the SB 40 Board in the control and allocation of available monies.

- B. Various financial records for the SB 40 Board could not be found. The SB 40 Board Treasurer could not locate bank statements for July and December 2001. In addition, the Treasurer was unable to locate 106 canceled checks for 2001 and 2000. Upon our request, the records were provided to us by the bank used by the SB 40 Board.

Record retention is necessary to ensure the validity of transactions and provide an audit trail. In addition, Section 109.270, RSMo 2000, states that all records made or received by an official in the course of their public duties are public property and are not to be disposed of except as provided by law.

- C. Problems were noted concerning the salary and benefits of the former executive director.

1. The SB 40 Board did not adequately document the former executive director's salary increase. In January 2001 the former executive director received a \$234 per month raise for which there was no evidence of board approval. While Board members signed the checks, the salary increase was not documented as approved by the Board in any minutes of the SB 40 Board. Without documentation, there is no assurance the SB 40 Board approved this raise.
2. Accurate leave records were not maintained by the former executive director and the Board did not adequately review the leave records to ensure the final payment for unpaid leave was correct. Upon the former executive director's leaving, she received \$3,489, based on 192 hours of unused annual leave. However, time records indicated that she had only 168 hours of unused annual leave and should have received \$3,053. The SB 40 Board apparently did not oversee this and errors went undetected. Accurate records of leave and compensatory time are necessary to ensure compliance with the Fair Labor Standards Act (FLSA) and to ensure employees are properly compensated for accumulated leave.

- D.1. The SB 40 Board was unable to locate closed meeting minutes for the period January and September 2000 and March 2001.

Without the preparation and retention of closed meeting minutes, there is less evidence that the provisions of the Sunshine Law, Chapter 610, RSMo 2000, regarding these closed meetings, have been followed.

2. The regular board meeting minutes did not always document the specific reasons for closing the meeting and actions taken by the Board in closed meetings. Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. Section 610.022, RSMo 2000, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such a meeting, record, or vote.
 3. The former Executive Director conducted six telephone polls of board members during the two years ended December 31, 2001. No minutes were taken of these polls or meetings and the Board did not provide public access to these meetings. Section 610.020, RSMo 2000, requires at any public meeting conducted by telephone, the public shall be allowed to observe and attend the meeting at a designated location identified in the notice of the meeting. This statute also requires minutes be taken and retained for meetings.
- E.1. The SB 40 Board entered into a contract to pay a not-for-profit (NFP) approximately \$11,205 to provide start-up funding for a program. This money was to be repaid to the SB 40 Board; however, the contract did not include a set repayment date. The only indication of when the SB 40 Board will be repaid is when the program ends, which appears to be when the client discontinues receiving 24-hour care. To ensure the SB 40 Board is paid this money back, such agreements should include a set repayment date.
2. The SB 40 Board paid a NFP \$4,005 for van repair costs; however, the minutes indicate the Board had approved only \$3,000. In addition, the expenditure was not supported by an itemized invoice. To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors and the reasons for any amounts over the Board approved amount should be documented.

3. The SB 40 Board was unable to provide adequate supporting documentation for a credit card payment of \$305 for travel expenses of the former executive director. The supporting documentation totaled only \$273 and did not appear proper. One invoice was for \$238 for two nights lodging at a hotel and parking charged for another person.

To ensure the validity and propriety of expenditures, adequate supporting documentation should be maintained for all payments to vendors. The Board should establish procedures to ensure the review and approval of all expenditures and the related supporting documentation.

4. We noted that 5 of 17 invoices reviewed were not marked paid. To prevent duplicate payment, all invoices should be marked paid.

- F. The SB 40 Board does not maintain adequate records accounting for all Board property. The property listing does not include inventory values and beginning and ending balances with additions and deletions. In March 2001, three members of the SB 40 Board used a copy of the fixed asset listing and attempted to verify the items listed on the physical inventory list. The members of the SB 40 Board were unable to locate several items on the fixed asset listing. Periodic inventories were not performed to ensure the list was accurate.

Adequate property records are necessary to secure better internal controls over county property and provide a basis for determining proper insurance coverage. The listing should include a description of the items, the location, the estimated useful life, and the original cost or estimated historical cost if the original cost is not available. Periodic inventories are necessary to ensure records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.

- G. We noted the following concerns while reviewing contracts at the SB 40 Board:

1. The SB 40 Board does not have written agreements with some NFPs providing services to the Board. The SB 40 Board incurred approximately \$16,700 in expenses with NFPs without a contract.

In addition, the SB 40 Board did not require the NFPs to submit financial reports as required by board policy. Without financial reports, the SB 40 Board cannot ensure the monies they are providing are being used to provide services as required.

2. The SB 40 Board has maintained the services of an accounting firm on a monthly basis without a contract indicating services to be provided and the costs for services. The SB 40 Board expends approximately \$1,200 a year for accounting services.

Section 432.070, RSMo 2000, provides that any contract made by the county shall be in writing, dated when made, and signed by the parties. In addition to being required by statute, written contracts are necessary to document the duties and responsibilities of each party.

- H. The SB 40 Board has contracted with a NFP to provide administrative services at an annual cost of \$14,000. The invoices submitted by the NFP do not indicate hours spent. In addition, the SB 40 Board paid the NFP \$1,200 for training, supplies, and travel per year. No documentation was submitted supporting these amounts. The invoices to the SB 40 Board for administration services should be itemized to verify the contract terms are being complied with properly.
- I. The SB 40 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The SB 40 Board deposits were under collateralized for the years ended December 31, 2001 and 2000 by \$4,038 and \$7,079, respectively. Section 110.020 RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Senate Bill 40 Board:

- A. Ensure budgets are complete, timely, and accurate.
- B. Retain financial records in a secure location to prevent misplacement or loss.
- C.1. Approve all salary changes and retain documentation in the board's minutes.
 - 2. Require correct accrued leave balances be maintained to prevent employees from receiving unearned leave time or overpayment of the accrued leave after termination. In addition, the SB 40 Board should consider requesting the return of the overpayment from the former executive director.
- D.1. Ensure minutes are prepared, approved, and retained for all closed meetings.
 - 2. Ensure closed meetings are conducted according to state law. In addition, the Board should ensure all the final disposition of applicable matters discussed in closed session are recorded in the regular public meeting minutes.
 - 3. Allow access to and maintain minutes for all meetings as required by state law.
- E.1. Ensure all contracts are written for a predetermined period with no open payment or repayment dates.

- 2&3. Require supporting documentation and invoices for all expenditures to ensure they are a valid use of taxpayer's monies. All expenditures should be approved by the Board.
- 4. Indicate on invoices that they are paid to avoid duplicate payments.
- F. Establish property records for fixed assets that record all pertinent information. Periodic inventories of the fixed assets should be performed.
- G. Enter into written agreements for all services. The written agreement should detail all duties to be performed and the compensation to be paid under the agreement. In addition, the agreement should require financial reports from NFPs as required by policy.
- H. Request invoices for administrative services indicating time worked and include supporting documentation for training, supplies, and travel.
- I. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

The SB 40 Board indicated:

- A. *They have corrected the budget file and will ensure that their budgets comply with state law. The Board has an accountant that prepares the budgets and will submit them accordingly to the State Auditor's Office.*
- B. *They will retain all records as required in the future.*
- C.1. *The former executive director is no longer an employee of the board. In addition, the Board stated that there are currently no employees.*
- 2. *The former executive director is no longer an employee of the board. They contacted the Prosecuting Attorney and he will determine whether or not to pursue this in the future.*
- D.1. *Minutes were taken of these meetings; however, they are unable to locate the minutes. They will retain the board meeting minutes in the future.*
- 2. *They agree with the recommendation and will do a better job in the future of documenting the reasons for having closed meetings and the final disposition of matters discussed in closed meetings.*

3. *They agree with the recommendation and this was done during the former administration. The current board does not conduct any telephone polls.*
- E.1. *They agree with the recommendation and stated that this occurred during the former administration. The Board will require that all contracts in the future have a repayment date. They will discuss this contract at their next meeting.*
2. *They agree with the recommendation and currently request invoices to support all expenditures.*
3. *This occurred with the former administration. The current SB40 Board requests all expenditures have adequate supporting documentation. In addition, the Board no longer has a credit card in the board's name.*
4. *They agree with the recommendation and currently stamp invoices to prevent duplicate payments to vendors.*
- F. *They currently have all property tagged and included on a list. The Board will add values to the list and keep it updated with any additions and deletions.*
- G.1. *They currently do not issue any checks unless there is a contract with the vendor. They are currently working on obtaining the financial reports.*
2. *They are currently using the proforma NFP contract for the accounting services. The Board will issue a new contract with the accountant indicating the services to be provided.*
- H. *They agree with the recommendation and are currently requesting the number of hours be indicated on the invoice. The Board has requested the NFP to provide adequate documentation to support the training, travel, and supplies portion of the contract.*
- I. *They will contact their bank and request additional collateral securities to ensure that they have adequate coverage for all of their monies.*

14.	Health Center's Controls and Procedures
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Several problems were noted regarding the records and procedures at the Health Center including concerns over receipts, check signing, problems with expenditures, inadequate fixed asset records and Sunshine Law compliance.

- A. During our review, it was brought to our attention that Health Center personnel had discovered that there were several instances where receipt slips were altered or missing and that all monies received may not have been deposited. The Health Center conducted an investigation and one employee was terminated. The Health Center did not determine a total amount of possible missing monies because of

numerous receipt slips missing from the receipt slip book. During our review, we noted additional instances of missing and changed receipt slips.

No independent reviews are performed comparing the monies received and deposited. A supervisor should ensure that receipt slips have not been altered and account for the numerical sequence of the receipt slips. Voided receipt slips should be retained. In addition, the supervisor should ensure the composition of monies on the receipt slips reconciles to the composition of the deposits. By not reconciling the receipt slips to the deposits, the Health Center cannot be sure that all monies collected are deposited.

- B. The administrator and the Board Treasurer are authorized to sign checks. However, the administrator uses an endorsement stamp of the Board Treasurer to affix the second authorized check signature to the checks. This procedure circumvents the internal accounting control provided with requiring two signatures on the checks.
- C. Monies received are not deposited on a timely basis. During December 2001 only six bank deposits were prepared averaging \$5,722 each. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, monies should be deposited intact daily or when accumulated receipts exceed \$100.
- D. The Health Center paid \$285 and \$351 for Christmas dinners for board members and their families in December 2001 and 2000, respectively. In 2000, the Health Center paid for this expense directly. However, in 2001, the Health Center Administrator paid for the dinner and then claimed the cost on her expense account. Such expenditures do not appear necessary for the operation of the Health Center and do not appear to be a prudent use of public monies.
- E. The Health Center advanced \$4,000 to the Washington County Farmer's Market during the two years ended December 31, 2001. Food vouchers were used by Health Center clients to purchase food at the Farmer's Market. Because the Farmer's Market did not have sufficient funds in their account to wait for the state to reimburse the vouchers, the Health Center advanced the Farmer's Market the monies until they could be repaid by the state. In effect, the Health Center provided a loan to the Farmer's Market. Article VI, Section 23, of the Missouri Constitution disallows the lending of money by a county.
- F. The Washington County Health Center expended WIC funds for a computer and related equipment without prior approval from the Missouri Department of Health. Approval was obtained at a later date for the purchase. The state WIC contract requires prior approval for all computer purchases.

In addition, several of the WIC client's files were not filled out completely. The individual forms were not always signed by the individual requesting assistance or personnel from the Health Center. In addition, financial information from

individuals was not always documented. The WIC contract indicates that the Health Center will require all applicants to fill out the form in its entirety.

- G. The Health Center does not maintain adequate records accounting for all property. The property listing does not include inventory values and beginning and ending balances with additions and deletions. In addition, not all items are included on the property listing and periodic inventories were not performed to ensure the list was accurate. Adequate property records are necessary to secure better internal controls over county property and provide a basis for determining proper insurance coverage. The listing should include a description of the items, the location, the estimated useful life, and the original cost or estimated historical cost if the original cost is not available. Periodic inventories are necessary to ensure records are accurate, identify any unrecorded additions and dispositions, detect theft of assets, and identify obsolete assets.
- H. It is questionable whether the Board complied with the provisions of the Sunshine Law when discussing some items in closed session including discussion concerning approval of the staffs' annual wage increase, new hours for the center, and maintaining the same health insurance. The Board did not document how discussing these issues during closed session complied with state law

Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. The Board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes.

- I. The Health Center does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Health Center deposits were under collateralized by \$10,788 as of December 31, 2000. Section 110.020 RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the Health Center Board of Trustees:

- A. Ensure all receipt slips are accounted for properly and that the composition of the receipt slips is reconciled to the deposits. The Board should disallow the practice of altering receipt slips.
- B. Discontinue the practice of allowing one person to sign checks and also use an endorsement stamp of the other authorized check signer.
- C. Require monies be deposited intact daily or when accumulated receipts exceed \$100.

- D. Ensure all expenditures are reasonable, necessary, and a prudent use of public funds.
- E. Discontinue the practice of loaning public funds.
- F. Ensure they receive proper approval from the Missouri Department of Health before expending monies on equipment for WIC. In addition, the Board should require all WIC applicants fill out all required forms and ensure that both the applicant and the Health Center staff sign the forms.
- G. Establish property records for fixed assets that record all pertinent information. Periodic inventories of the fixed assets should be performed.
- H. Ensure closed meetings are conducted according to state law.
- I. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

The Health Center Administrator and Board President indicated:

- A. They have segregated receipting and depositing access to different employees. They reconcile the deposits to the receipt slips issued and investigate any discrepancies. A supervisor is required to initial any receipt slips that are voided or altered. This was implemented in July 2002.*
- B. They no longer use the signature stamp. This was implemented in July 2002.*
- C. They have been depositing more timely since July 2002.*
- D. They agree with this recommendation and will not have any more Christmas dinners. This policy was implemented in July 2002.*
- E. They agree with this recommendation and have stopped issuing loans to the Farmer's Market.*
- F. They will obtain approval before purchasing equipment in the future. In addition, they are requiring all forms be completely filled out and signed.*
- G. They started placing all of their fixed assets with detailed information onto a computer spreadsheet in September 2002.*
- H. They will go over the Sunshine Law at the next board meeting and ensure they comply with it.*

- I. *They will start reviewing the bank account balances and ensuring that they have adequate collateral securities pledged in October 2002.*

15. Central Dispatch 911 Board

The Central Dispatch 911 Board (911 Board) is funded by the Central Dispatch 911 tax passed in November 2000. Our review of the 911 Board's records noted the following concerns:

- A. It is questionable whether the Board complied with the provisions of the Sunshine Law when discussing some items in closed session including discussions regarding the 911 cellular telephone service provider and banking arrangements. The Board did not document how discussing these issues during closed session complied with state law. In addition, the open meeting minutes do not always adequately document the specific reasons for closing the meeting and the actions taken by the Board in closed meetings.

Section 610.021, RSMo 2000, allows the Board to discuss certain subjects in closed meetings including litigation, real estate transactions, personnel issues, some competitive bidding issues, and confidential or privileged communications with auditors. The Board should restrict the discussion in closed sessions to the specific topics listed in Chapter 610 of the state statutes. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason for the closed meeting shall be voted on at an open session. In addition, this law provides that public governmental bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote.

- B. The 911 Board contracted with a company to provide communication consulting services for \$30,000 and did not obtain bids as required by state law. Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the board that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should always be retained as evidence that the county's established purchasing procedures, as well as statutory requirements, are followed. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request for proposal, a newspaper publication notice if applicable, a copy of all bids received, and a summary of the basis and justification for awarding the bid.

- C. In September 2001, the 911 Board purchased land for \$25,000. According to Board

minutes, the owner of the property had offered to sell 4.82 acres for approximately \$5,000 per acre. It was later determined that there were only 3.42 acres available. The Board did not obtain an independent appraisal or an appropriate legal description of the land prior to the purchase. The Board indicated this land was the only acceptable piece of land available where they could place their tower.

Independent appraisals as well as documentation of the selection process and price negotiations are particularly necessary when amounts paid exceed the original asking price. Complete justification for the selection process should be thoroughly documented.

- D. The 911 Board does not receive detailed invoices from the communications consulting company. Although there is a contract for these services, it does not require detailed invoices documenting the services performed. Without detailed invoices, it is not possible to determine if the company is meeting the terms of the contract.
- E.1. During 2001, the 911 Board paid the County Prosecuting Attorney \$6,100 for legal services. Because the 911 Board is a part of the county, it is unclear why these services should not be provided by the Prosecuting Attorney at no cost to the Board. In addition, the Prosecuting Attorney position has been voted to become a full time position. As such, this issue should be resolved.
- 2. The 911 Board has not entered into written contracts for legal services or administrative services. The Board paid \$1,270 to an individual for administrative services during 2001.

Section 432.070, RSMo 2000, requires all contracts to be in writing. Written contracts are necessary to outline the terms and arrangements, specify services to be provided and the related funding, and help ensure the reasonableness and propriety of such expenditures.

- F. The 911 Board does not have adequate procedures to monitor and ensure monies in their various bank accounts are sufficiently collateralized. The Board deposits were under collateralized by \$87,828 as of December 31, 2001. Section 110.020 RSMo 2000, provides the value of the securities pledged shall at all times be not less than 100 percent of the actual amount of deposit less the amount insured by the FDIC. Inadequate collateral securities leave county funds unsecured and subject to loss in the event of a bank failure.

WE RECOMMEND the 911 Board:

- A. Ensure closed meetings are conducted according to state law.
- B. Solicit bids for purchases in accordance with state law and retain documentation of these bids and justification for bid awards. If bids cannot be obtained or sole source procurement is necessary, the circumstances should be documented.
- C. Obtain independent appraisals and appropriate legal descriptions for all real estate purchases. The Board should adequately document actions taken and comparisons made to ensure reasonable prices are being paid for real estate purchases.
- D. Require as a part of the contract that all invoices contain sufficient detail of the services performed.
- E.1. Request the County Prosecuting Attorney to provide legal services at no cost.
 - 2. Enter into written agreements for all services which specify all duties to be performed and the compensation to be paid.
- F. Develop procedures to monitor and ensure adequate collateral securities are pledged by the depository banks for all funds on deposit in excess of FDIC coverage. Documentation of these efforts should be maintained.

AUDITEE'S RESPONSE

The Central Dispatch 911 Board indicated:

- A. *They currently list everything in the minutes pertaining to what they discussed in closed meetings. They will review the Sunshine Law and discuss when they can conduct closed meetings at their next board meeting.*
- B. *The services purchased were provided by the sole provider located in the county. The Board, in the future, will document in the Board minutes any sole source provider situations.*
- C. *They were willing to pay more for the piece of land because this was the only acceptable piece of land available where they could place their tower. The piece of land qualified and met all of the standards and regulations required to place a tower on it.*
- D. *They will immediately begin requesting detailed invoices from all vendors.*
- E.1. *They have obtained outside legal representation.*

The Prosecuting Attorney indicated that, in his opinion, the 911 Board is not a part of the county and should obtain outside legal representation.

2. *They will begin requesting all contracts be in writing.*
- F. *They will contact the bank immediately in order to obtain adequate collateral securities to cover all the money in their bank account.*

This report is intended for the information of the management of Washington County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

WASHINGTON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Washington County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the three years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

1. County Expenditures

- A. Some purchases were either not properly bid or advertised for bid and efforts to obtain bids were not always documented.
- B. The County Commission acquired land without adequately documenting actions taken or comparisons made to ensure prices paid were reasonable.
- C. The County Commission did not enter into a written agreement with the Washington County Industrial Development Authority for expenditure of economic development sales tax monies.
- D. The county had tax anticipation notes which were not paid off annually.

Recommendation:

The County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids and the reasons for selecting other than the lowest bid should be retained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the official minutes should reflect the necessitating circumstances.
- B. Adequately document actions taken and comparisons made to ensure reasonable prices are being paid for real estate purchases.
- C. Enter into a formal written contract with the Washington County Industrial Development Authority. This contract should adequately detail the rights and duties of the parties and should be properly updated and/or extended, when necessary.
- D. Refrain from issuing tax anticipation notes that cannot be paid in one year or less from current county revenues and continue to pay off the outstanding notes payable.

Status:

- A. Implemented.
- B. The County Commission did not purchase any real estate during the two years ended December 31, 2001.
- C. Partially implemented. Although a contract was entered into, we noted some concerns. See MAR No. 2.
- D. Not implemented. See MAR No. 4.

2. Budgetary Practices

- A. Actual expenditures were in excess of the approved budgeted expenditures for some funds.
- B. Budgets were not prepared for some special revenue funds.
- C. Deficit budgeting was approved for the DARE Fund.
- D. The county's published financial statements did not include several funds as required.

Recommendation:

The County Commission:

- A. Refrain from incurring expenditures in excess of budgeted amounts. If the county receives additional funds which could not be estimated when the budget was adopted, the county should amend its budget by following the procedures required by state law.
- B. Ensure budgets are obtained or prepared for all county funds.
- C. Refrain from deficit budgeting.
- D. Ensure financial information for all county funds is properly reported in the annual published financial statements.

Status:

A,B,
C&D. Not implemented. See MAR No. 1.

3. County Sales Tax

The county did not sufficiently reduce its General Revenue Fund property tax levy, as required, to offset sales tax collections resulting in excess property tax collections of \$95,958.

Recommendation:

The County Commission ensure appropriate adjustments are made to the levy to reflect excess property taxes collected in prior years.

Status:

Implemented.

4. Personnel and Payroll Procedures

- A. The county considered a former employee of the County Assessor, who was rehired on a part-time basis, to be an independent contractor rather than an employee.
- B. There was no documentation that the salary commission had approved increases in elected officials' salaries resulting from changes in assessed valuations.
- C. The county did not maintain written authorization for employee hiring, salary and wage rate changes, and terminations.
- D. Records of annual leave, sick leave, and compensatory time were not centrally maintained.

Recommendation:

- A. The County Commission review whether this person is an employee or an independent contractor and take appropriate action.
- B. The County Commission consult with legal counsel regarding past actions and pay only the authorized salary set by the salary commission.
- C. The County Commission ensure written authorizations are maintained for employee hirings, salary and wage changes and terminations.
- D. The County Clerk maintain centralized leave records for all county employees.

Status:

A,B
&C. Implemented.

D. Partially implemented. The County Clerk receives time records from employees; however, she does not review the records for accuracy. See MAR No. 3.

5. Federal Financial Assistance

A. The prior Sheriff sold donated federal property to the General Revenue and Special Road and Bridge Funds without approval from the Department of Public Safety.

B. The Health Center did not prepare annual reports as required for a federal program.

C. Property acquired through the State Agency for Surplus Property was not included on the inventory records.

Recommendation:

A. The County Commission and Sheriff contact the Department of Public Safety to determine the correct course of action to take in regard to the ownership, use, and operation of the donated federal property.

B. The Health Center prepare and submit all reports as required by federal programs.

C. The County Clerk ensure all items that meet the statutory threshold are included on the general fixed asset records.

Status:

A. Implemented. The Sheriff indicated that the Department of Public Safety contacted him and resolved the issue to their satisfaction.

B. Implemented.

C. Not implemented. See MAR No. 5.

6. Road and Bridge Inventory Controls

A. Inventory records were not maintained for the culvert pipes and other materials on hand.

B. Recorded fuel usage was not reconciled to fuel purchases and fuel on hand.

Recommendation:

The County Commission:

- A. Maintain inventory records for materials on-hand, including culvert pipes, and periodically reconcile purchases, usage, and items on hand.
- B. Reconcile fuel usage to fuel purchases.

Status:

A&B. Implemented.

7. Property Tax System

The County Clerk did not maintain an account book with the County Collector.

Recommendation:

The County Clerk establish and maintain an account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.

Status:

Partially implemented. The County Clerk maintains an account book; however, she does not verify it. See MAR No. 6.

8. Health Center

- A. Actual expenditures were in excess of the approved budgeted expenditures for 1996 and 1995.
- B.
 - 1) Receipts were not deposited timely and intact.
 - 2) Original receipt slips for family planning monies were not reconciled to entries in the regular receipt records. In addition, employees were sometimes allowed to cash personal checks from daily collections and cash refunds were given periodically.
 - 3) Checks were not restrictively endorsed immediately upon receipt.
- C. Written authorization of various personnel and payroll actions was not properly

maintained.

Recommendation:

The Health Center Board of Trustees:

- A. Refrain from incurring expenditures in excess of budgeted amounts. If the board receives additional funds which could not be estimated when the budget was adopted, the board should amend its budget by following the procedures required by state law.
- B.1
&2. Ensure all receipts are deposited intact daily or when accumulated receipts exceed \$100. In addition, the Health Center should refrain from cashing personal checks and should reconcile the original family planning receipt slips to entries in the regular receipt book.
- 3. Restrictively endorse checks immediately upon receipt.
- C. Ensure written authorizations are maintained for employee hirings, salary and wage rates, payroll deductions and withholdings, and terminations.

Status:

A,
B.3
&C. Implemented.

B.1
&2. Not implemented. See MAR No. 14.

9. County Collector's Accounting Controls and Procedures

- A. Bank reconciliations were not prepared on a timely basis.
- B. Receipts were not deposited intact. The County Collector occasionally cashed personal checks from the cash collections. The County Collector did not always indicate the method of payment or third party payors on the paid tax receipts.
- C. The County Collector improperly distributed \$16,397 received from the State Department of Conservation as payments in lieu of taxes (PILT) to the General Revenue Fund.

Recommendation:

The County Collector:

- A. Prepare bank reconciliations monthly and reconcile to accounting records.
- B. Deposit all monies received intact daily and discontinue the practice of cashing personal checks. The composition of receipt slips should be reconciled to the composition of monies deposited. In addition, the names of third party payors should be noted on the receipt slips.
- C. Recompute the PILT distribution and take the over and underpayments into effect when distributing future PILT payments received from the State Department of Conservation to the appropriate political subdivisions.

Status:

A&C. Implemented.

- B. Partially implemented. We noted no documentation that personal checks were cashed; however, the Collector does not always indicate the method of payment on receipt slips and third party payors are not indicated on all receipt slips. See MAR No. 6.

10. Ex Officio Recorder of Deeds' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The Ex Officio Recorder of Deeds did not deposit receipts intact or on a timely basis. Employees were allowed to cash personal checks from daily collections and refunds of overpayments were issued from cash on hand.
- C. Checks were not always restrictively endorsed immediately upon receipt.
- D. "White-out" was sometimes used on the abstract book and official documents.
- E. The payor and method of payment was not documented on the daily abstract of fees or the recorded document.
- F. The Recorder's User Fee Fund had not been established in the custody of the County Treasurer.

Recommendation:

The Ex Officio Recorder of Deeds:

- A. Provide for segregation of duties and ensure that independent reconciliations and

reviews of accounting records are performed.

- B. Deposit receipts intact daily or when accumulated receipts exceed \$100. In addition, the Ex Officio Recorder of Deeds should discontinue the practice of cashing personal checks and paying refunds in cash. If necessary, a change fund should be established and maintained at a constant amount.
- C. Restrictively endorse checks immediately upon receipt.
- D. Discontinue the practice of using "white-out" on the original record of receipts and documents.
- E. Record all fees on the abstract of fees or other supporting schedules in sufficient detail to agree individual recordings to the related deposits. This would include documenting the individual paying the fee and the method of payment for all money received.
- F. Turn over custody of all Recorder's User Fee Fund monies to the County Treasurer.

Status:

A,C,
D,E
&F. Implemented.

- B. Partially implemented. We noted no documentation that personal checks were cashed; however, monies are withheld from deposits to make refunds in cash. See MAR No. 12.

11. Prosecuting Attorney's Accounting Controls and Procedures

- A. Receipt slips were not issued for all monies collected.
- B. An adequate system to account for all bad check complaints received, as well as the subsequent disposition of these complaints, had not been established.
- C. Bad check fees were not turned over to the County Treasurer on a timely basis.
- D. The Prosecuting Attorney could not locate two bad check case files.

Recommendation:

The Prosecuting Attorney:

- A. Require prenumbered receipt slips to be issued for all bad check and restitution monies received.
- B. Implement procedures to adequately account for bad check complaints received as well as the ultimate disposition of each complaint through the use of a bad check complaint log.
- C. Turn over all monies for bad check fees to the County Treasurer daily or when accumulated receipts exceed \$100.
- D. Ensure all bad check files are properly retained.

Status:

A,B,
C&D. Implemented.

12. Associate and Probate Divisions' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. Receipts were not deposited on a timely basis.
- C. The Associate Division sometimes used "white-out" or wrote over the amount initially recorded on the receipt ledger.
- D. Several case fee sheets in the Associate Division were incomplete.

Recommendation:

The Associate Circuit Judge:

- A. Ensure that independent reconciliations and reviews of accounting records are performed.
- B. Ensure receipts are deposited daily or when accumulated receipts exceed \$100.
- C. Require the Associate Division Clerk to refrain from using "white-out" on receipt records. If receipt slips are written in error, they should be voided, retained and reissued, if necessary.
- D. Require dates, amounts, and receipt slip numbers and check numbers be recorded on the case fee sheets.

Status:

A. Not implemented. See MAR No. 11.

B,C

&D. Implemented.

13. Sheriff's Accounting Controls and Procedures

A.1. There was no accountability over the numerical sequence of receipt slips issued.

2. The method of payment was not always indicated on the receipt slips.

B. Formal bank reconciliations were not performed on the commissary account and reconciliations of prisoner accounts to the bank account balance were not performed.

Recommendation:

The Sheriff:

A.1. Account for the numerical sequence of receipt slips issued.

2. Indicate the method of payment on receipt slips and reconcile the composition of receipt slips to the composition of monies deposited.

B. Prepare monthly bank reconciliations for the commissary account and reconcile the individual prisoner balances to the total amount of prisoner monies in the account.

Status:

A.1

&2. Implemented.

B. Not implemented. See MAR No. 7.

14. Circuit Clerk's Accounting Controls and Procedures

A. Accounting and bookkeeping duties were not adequately segregated for the fee account and child support account.

B. The composition of the receipt slips was not reconciled to the composition of the bank deposits.

- C. A complete listing of accrued costs owed to the court was not maintained by the Circuit Clerk and monitoring procedures related to accrued costs were not adequate.
- D. The Circuit Clerk did not routinely follow up on old outstanding checks.

Recommendation:

The Circuit Clerk:

- A. Provide for segregation of duties or ensure that independent reconciliations and reviews of accounting records are performed.
- B. Reconcile the composition of receipt slips issued to the composition of monies deposited.
- C. Maintain a complete listing of accrued costs and establish procedures to routinely follow-up and pursue timely collections.
- D. Adopt procedures to routinely follow-up and reissue old outstanding checks.

Status:

A&B. Implemented.

C&D. Not implemented. See MAR No. 9.

15. Senior Citizens' Service Board

The board maintained the custody of the fund outside of the county treasury.

Recommendation:

The Senior Citizen's Service Board turn over custody of the Senior Citizen's Service Fund to the County Treasurer.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

WASHINGTON COUNTY, MISSOURI
HISTORY, ORGANIZATION,
AND STATISTICAL INFORMATION

Organized in 1813, the county of Washington was named after George Washington, the nation's first President. Washington County is a county-organized, third-class county and is part of the Twenty-Fourth Judicial Circuit. The county seat is Potosi, Missouri.

Washington County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Washington County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 608,481	15	727,355	20
Sales taxes	1,335,952	33	1,204,777	34
Federal and state aid	1,402,748	35	839,404	23
Fees, interest, and other	658,522	17	814,325	23
Total	\$ 4,005,703	100	3,585,861	100

The following chart shows how Washington County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 1,710,131	42	1,327,890	37
Public safety	501,221	12	498,397	15
Highways and roads	1,870,992	46	1,719,452	48
Total	\$ 4,082,344	100	3,545,739	100

In addition, the county funds most of the operations of the Sheriff's office and county jail from the Sheriff's Law Enforcement Fund. Sales tax receipts from this fund totaled \$596,351 and \$566,668 for the years ended December 31, 2001 and 2000, respectively.

The county maintains approximately 51 county bridges and 418 miles of county roads.

The county's population was 15,086 in 1970 and 23,344 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	73.5	70.3	53.6	32.2	24.7
Personal property		38.4	35.9	11.7	10.7	5.6
Railroad and utilities		47.4	48.2	14.3	11.1	6.7
Total	\$	159.3	154.4	79.6	54.0	37.0

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Washington County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$.18	.19
Special Road and Bridge Fund		.26	.26
Health Center Fund		.15	.15
Handicapped Board Fund		.19	.17
Senior Citizens' Service Fund		.05	.05

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 48,450	46,505
General Revenue Fund	300,176	307,960
Special Road and Bridge Fund	415,412	398,121
Assessment Fund	87,846	86,407
Health Center Fund	239,818	230,150
Handicapped Board Fund	300,126	260,820
Senior Citizens' Service Fund	79,942	76,729
Debt Service Fund	7	3
Schools Fund	5,594,022	5,312,129
Library Fund	303,891	290,717
Junior Colleges Fund	75,209	93,461
Ambulance District Fund	383,993	367,440
Fire Districts Fund	396,226	379,150
Hospital Fund	303,888	290,716
Cities Fund	12,489	12,061
Surtax	169,610	175,972
Overplus Fund	822	17,440
Other	47,896	38,696
County Employees' Retirement	82,919	69,993
County Clerk	1,842	1,568
Commissions and fees:		
General Revenue Fund	145,688	137,774
Total	\$ 8,990,272	8,593,812

Percentages of current taxes collected were as follows:

	Year Ended February 28 (29),	
	2002	2001
Real estate	84 %	86 %
Personal property	84	85
Railroad and utilities	100	100

Washington County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration	Required
		Date	Property Tax Reduction
General Revenue Fund	\$ 0.005	None	50
Special Road and Bridge Fund	0.005	2004	None
Sheriff's Law Enforcement Fund	0.005	None	None
Economic Development Tax Fund	0.005	2005	None
Local Option Use Tax	flucuates with local sales tax rate	None	None
Central Dispatch 911 Fund (1)	0.005	None	None

(1) The Central Dispatch 911 tax passed in the November 2000 election.

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Robert L. Simpson, Presiding Commissioner	\$	28,400	28,400
Kevin Isgrig, Associate Commissioner		26,400	26,400
Gary L. Yount, Associate Commissioner		26,400	26,400
Janet Adams, County Clerk		40,000	40,000
John Rupp, Prosecuting Attorney		57,400	57,400
Gary W. Yount, Sheriff		44,960	
Ronnie L. Skiles, Sheriff			40,460
Betty Abbey, County Treasurer		29,600	29,600
Brian DeClue, County Coroner		12,000	
William Mal Gum, County Coroner			7,000
Janet Drummond, Public Administrator (1)		33,122	35,680
Michael P. McGirl, County Collector, year ended February 29 (28),	40,000	40,000	
Charlotte Boyer, County Assessor, (2) year ended August 31,		40,900	40,900
R. Timothy Daugherty, County Surveyor (3)		7,125	7,125

(1) Includes fees received from probate cases.

(2) Includes \$900 annual compensation received from the state.

(3) Compensation on a fee basis.

State-Paid Officials:

Phyllis Ann Fryman, Circuit Clerk and Ex Officio Recorder of Deeds		47,300	46,127
Troy K. Hyde, Associate Circuit Judge		96,000	97,387

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds *	4	5
County Clerk	4	0
Prosecuting Attorney **	6	0
Sheriff ***	35	0
County Treasurer *	1	0
County Coroner *	1	0
County Collector	3	0
County Assessor ****	7	0
Associate Division	1	3
Road and Bridge *	28	0
Health Center *****	12	0
Custodian *	2	0
Airport	1	0
Landfill	1	0
Total	<u>106</u>	<u>8</u>

- * Includes one part-time county employee
- ** Includes three part-time county employees
- *** Includes eight part-time county employees
- **** Includes two part-time county employees
- ***** Includes four part-time county employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Washington County's share of the Twenty-Fourth Judicial Circuit's expenses is 21.49 percent.

Washington County has entered into nine loan agreements in conjunction with a Missouri Development Action Grant received from the state in 1985. These monies were loaned to two industrial development corporations, three manufacturers, and one personal service company. The balance of these loans totaled \$135,645 and \$151,393 as of December 31, 2001 and 2000, respectively. In addition, the county has \$267,000 in tax anticipation loans as of December 31, 2001.